



Idaho Public Utilities Commission

P.O. Box 83720, Boise, ID 83720-0074

C.L. Butch Otter, Governor

Paul Kjellander, Commissioner
Mack A. Redford, Commissioner
Marsha H. Smith, Commissioner

Case No. INT-G-14-01, Order No. 33099
Contact: Gene Fadness (208) 334-0339, 890-2712
www.puc.idaho.gov

Intermountain Gas seeks 2.64% increase in variable portion of natural gas rates

BOISE (Sept. 3, 2014) – The Idaho Public Utilities Commission is accepting comments through September 17 on an Intermountain Gas Company proposal to increase rates about 2.64% as part of the company's annual Purchase Gas Cost Adjustment (PGA).

Each year on Oct. 1, rates for Intermountain Gas's 331,000 customers in 74 southern Idaho communities go up or down depending on annual changes to the company's costs to buy natural gas from its suppliers, including transportation and storage costs.

This is the second straight year the PGA has been an increase, following five years of decreases. The 2013 increase of 4.15% was preceded by decreases of 7.1% in 2012; 5.3% in 2011; 1.6% in 2010 and 22.2% in 2009. If this year's proposed increase is approved, the PGA is still 50% lower than it was in 2005 when natural gas prices were at unprecedented highs.

Despite increased production from shale reserves in North America, Intermountain Gas claims there was an increase in demand for natural gas due to a rebounding economy and increased use of natural gas for electric generation. Last year's cold weather in the eastern United States put upward pressure on prices and put a significant dent in natural gas storage levels. Also, the company faced increased transportation costs from Williams Northwest Pipeline, the company that owns Intermountain's major transportation pipeline.

If the company's application is approved, residential customers who use natural gas for both space and water heating will see an average increase of \$1.89 per month while those who use natural gas only for space heating would see an increase of \$1.40 per month. While the surcharge would collect \$6.7 million, it cannot be used to increase earnings for Intermountain Gas. All the money collected in the surcharge is kept in a deferred account audited by the commission and can go only toward paying down expense related to providing natural gas supply to customers.

To offset the size of this year's PGA, the company proposes passing through to customers a \$3.9 million increase in revenue as a result of providing its pipeline capacity to other wholesale gas marketers or natural gas companies.

The variable portion of gas rates covered by the PGA would increase from about 37.3 cents per therm to about 39.5 cents per therm. The PGA represents a significant portion of the total per therm price paid by customers, about 72.6 cents in the winter and 76 cents in the summer for customers who use natural gas for space and water heating. The amount above the PGA portion covers the fixed costs of providing service to customers that don't change from year to year as does the PGA.

The commission is processing this case through written comment. However, if customers request that commission staff conduct a workshop or if numerous public comments are received, one or more workshops may be scheduled.

Comments are accepted via e-mail by accessing the commission's Website at www.puc.idaho.gov and clicking on "Case Comment Form," under the "Gas" heading. Fill in the case number (INT-G-14-01) and enter your comments. Comments can also be mailed to P.O. Box 83720, Boise, ID 83720-0074 or faxed to (208) 334-3762.

A full text of the company's application and supporting exhibits, along with other documents related to this case, is available on the commission's Web site. Click on "Open Cases" under the "Gas" heading and scroll down to the above case number.

###